

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA	:	Criminal Number:
	:	
	:	Violations:
	:	
v.	:	18 U.S.C. § 371 (Conspiracy to Make a
	:	Contribution in the Name of Another, in
	:	violation of 2 U.S.C. §§ 441f,
	:	437g(d)(1)(D), and to Destroy, Alter, or
EUGENIA C. HARRIS,	:	Falsify Records in Federal Investigations,
	:	in violation of 18 U.S.C. § 1519)
Defendant.	:	
	:	26 U.S.C. § 7206(1) (Fraud and False
	:	Statements)
	:	
	:	D.C. Code §§ 22-1805a, 1-1131.01(e)
	:	(Conspiracy to Make a Contribution in
	:	the Name of Another Person)

STATEMENT OF THE OFFENSE

Pursuant to Rule 11 of the Federal Rules of Criminal Procedure, defendant EUGENIA C. HARRIS ("HARRIS") and the United States agree and stipulate that at all relevant times:

Individuals and Entities

1. HARRIS, a resident of the District of Columbia, owned and controlled two for-profit corporations registered in the District of Columbia: Belle International, Inc. ("BELLE") and Details International, Inc. ("DETAILS"). Since at least 2010, BELLE and DETAILS had offices at 1025 Connecticut Avenue, Northwest, Suite 1000, Washington, D.C., 20036.

2. HARRIS had a close friendship and professional relationship with CO-CONSPIRATOR #1, who was the sole owner of COMPANY A and the majority owner of COMPANY B, both of which are District of Columbia for-profit corporations.

Campaign Conduit Contribution Scheme

3. The Federal Election Campaign Act of 1971, as amended, Title 2, United States Code, Sections 431 through 455 (the "Campaign Act"), regulated financial activity intended to influence the election of candidates running for federal office, including the Senate, House of Representatives, Presidency, and Vice Presidency.

4. The Campaign Act established limits on the amounts individuals could contribute to individual candidate political campaign committees and multi-candidate political campaign committees (commonly referred to as political action committees or PACs).

5. To promote transparency and prevent individuals and corporations from circumventing these regulations, the Campaign Act prohibited a person from making a political contribution in the name of another person, including giving funds to a straw donor or conduit for the purpose of having the conduit pass the funds on to a federal candidate or political committee as his or her own contribution. It was also a violation of the Campaign Act for a person to reimburse a donor who had already given to a candidate, thereby converting the donor's contribution to his or her own. The Campaign Act also banned corporations from contributing money to candidates for federal office.

6. The District of Columbia Campaign Finance Reform and Conflict of Interest Act of 1974, as amended, D.C. Code §§ 1-1101.01 through 1-1151.06 (the "D.C. Campaign Finance Reform Act"), similarly regulated financial activity intended to influence the election of candidates for District of Columbia office. The D.C. Campaign Finance Reform Act established limits on the amounts individuals could contribute to individual candidate political campaign committees and also prohibited making a political contribution in the name of another person.

7. Beginning as early as 2001 and continuing until at least in or about December 2010, in the District of Columbia and elsewhere, HARRIS, CO-CONSPIRATOR #1, and others knowingly and willfully conspired and agreed together and with each other to make contributions, within the meaning of 2 U.S.C. § 431(8) and D.C. Code § 1-1101.01(6)(A), in violation of the prohibition against disguised contributions made through conduits or strawmen contained in the Federal Election Campaign Act of 1971, as amended, and the D.C. Campaign Finance Reform Act of 1974, as amended. Specifically, HARRIS and CO-CONSPIRATOR #1, being aware of the limits on individual federal and District of Columbia campaign contributions, circumvented those limits by funneling personal and corporate money to friends, family members, and employees to make unlawful political contributions.

8. HARRIS and CO-CONSPIRATOR #1 arranged to make illegal conduit campaign contributions in different ways. On multiple occasions, however, CO-CONSPIRATOR #1 held political fundraisers for both federal and District of Columbia candidates. In connection with these fundraisers, CO-CONSPIRATOR #1 arranged to reimburse others for campaign contributions, including HARRIS. CO-CONSPIRATOR #1 directed HARRIS to write checks from her personal and corporate checking accounts, usually in the maximum lawful amount, payable to federal and District of Columbia campaigns for which CO-CONSPIRATOR #1 held fundraisers. CO-CONSPIRATOR #1 also directed HARRIS to obtain contribution checks from other individuals, including friends, members of HARRIS's family, and employees of DETAILS. CO-CONSPIRATOR #1 promised to reimburse HARRIS for HARRIS's own contributions as well as those that HARRIS obtained from others. HARRIS, in turn, promised others from whom she obtained contributions that their contributions would be reimbursed.

9. At the direction of CO-CONSPIRATOR #1, HARRIS requested that friends, family members, and employees of DETAILS write contribution checks to federal campaigns with the promise of repayment. HARRIS and CO-CONSPIRATOR #1 followed the same pattern when making illegal contributions to candidates for District of Columbia elections. Once HARRIS obtained the checks, HARRIS provided those checks along with her own to CO-CONSPIRATOR #1.

10. In order to conceal these illegal contributions and account for them on the books of CO-CONSPIRATOR #1's businesses, CO-CONSPIRATOR #1 directed HARRIS to submit invoices to COMPANY A for the amounts needed to reimburse HARRIS and those from whom she had obtained contributions at CO-CONSPIRATOR #1's request. In at least some instances, these invoices contained false information, such as purporting to be for "community outreach" services on behalf of CO-CONSPIRATOR #1's businesses. CO-CONSPIRATOR #1 caused COMPANY A to reimburse HARRIS for her contributions, as well as for those contributions that HARRIS had obtained from others. HARRIS in turn reimbursed those who had made contributions at her request.

11. In calendar year 2008, for instance, HARRIS contributed \$14,650 to various federal political campaigns and committees, which contributions were made at the direction of CO-CONSPIRATOR #1 and reimbursed by CO-CONSPIRATOR #1. During the same year, HARRIS solicited, at the direction of CO-CONSPIRATOR #1, contributions to federal campaign committees of \$2,300 per person – the maximum lawful amount at the time – from a family member, an employee of DETAILS, and a friend (totaling \$6,900). CO-CONSPIRATOR #1 reimbursed HARRIS for the \$21,550 in federal campaign contributions; HARRIS caused

payments of \$2,300 to be made to her family member, employee, and friend as reimbursement for their contributions.

12. In 2010, moreover, HARRIS, BELLE, and DETAILS each contributed \$2,000 to CANDIDATE A, a candidate for Mayor of the District of Columbia. HARRIS, at the direction of CO-CONSPIRATOR #1, also obtained contributions to CANDIDATE A of \$2,000 per person – the maximum lawful amount at the time – from 16 family members, employees, and friends (totaling \$38,000). CO-CONSPIRATOR #1 reimbursed HARRIS for the total \$44,000 in District of Columbia campaign contributions; HARRIS caused payments of \$2,000 to be made to the 16 family members, employees, and friends to reimburse them for their purported contributions.

Obstruction of Justice

a) **Coordinated Third-Party Campaign Expenditures in Support of Candidate A for Mayor**

13. During the 2010 District of Columbia Mayoral campaign, HARRIS and CO-CONSPIRATOR #1, in concert with others, agreed to purchase campaign materials in support of CANDIDATE A's election. HARRIS and CO-CONSPIRATOR #1 did not report these expenditures to the D.C. Board of Elections and Ethics Office of Campaign Finance ("OCF"), which administers and enforces District of Columbia laws pertaining to campaign finance. HARRIS and CO-CONSPIRATOR #1 knew and intended that CANDIDATE A's campaign would not report these expenditures on reports that the campaign was required to file with OCF.

14. In or about July 2010, HARRIS and CO-CONSPIRATOR #1 learned from individuals associated with CANDIDATE A's campaign that the campaign needed financial assistance. CO-CONSPIRATOR #1 agreed to fund an effort to support CANDIDATE A's

campaign, with assistance from HARRIS, which would, among other things, identify likely CANDIDATE A voters, encourage those voters to commit to vote for CANDIDATE A, and assist those voters in getting to the polls. CO-CONSPIRATOR #1 wanted CO-CONSPIRATOR #1's identity to be concealed from the public as the source of these funds, and an agreement to that effect was reached. CO-CONSPIRATOR #1 directed HARRIS to manage the money that CO-CONSPIRATOR #1 was going to provide to fund this effort.

15. In furtherance of the agreement to help fund CANDIDATE A's campaign, CO-CONSPIRATOR #1 caused COMPANY B to issue the following checks and wire payments to BELLE, so that HARRIS could pay for expenses associated with a campaign to elect CANDIDATE A:

Deposit Date	Transaction Type	Payor	Payee	Amount
July 28, 2010	Check	COMPANY B	BELLE	\$87,800
September 7, 2010	Check	COMPANY B	BELLE	\$180,000
September 10, 2010	Wire	COMPANY B	BELLE	\$76,000
September 10, 2010	Check	COMPANY B	BELLE	\$185,000
September 14, 2010	Wire	COMPANY B	BELLE	\$125,000
TOTAL				\$653,800

HARRIS, working with others, caused this money to be spent on services and materials to elect CANDIDATE A. As CO-CONSPIRATOR #1 had requested, none of these expenditures to support CANDIDATE A's campaign were reported to OCF (and thus made public), as required under District of Columbia law. Neither HARRIS nor CO-CONSPIRATOR #1 reported these expenditures to OCF.

16. HARRIS, working with others, caused the materials described below to be purchased in support of CANDIDATE A's campaign. These materials included many items

bearing logos, graphics, and designs identical to those used by CANDIDATE A's campaign, which were purchased from the same vendors as materials purchased by the campaign. Many, if not all, of these items were delivered to offices associated with CANDIDATE A's campaign.

Invoice (Date Ordered)	Item(s)	Cost
05/06/2010	3,640 yard signs; 1 banner	\$14,150.94
06/23/2010	1 banner; 1 lot of window graphics	\$3,710.00
06/29/2010	1 installed banner	\$707.04
08/03/2010	4,250 yard signs	\$17,278.00
08/05/2010	5,000 t-shirts	\$22,891.26
08/16/2010	200 umbrellas	\$1,802.00
09/07/2010	120,000 door knockers	\$10,530.82
09/07/2010	1,500 t-shirts	\$10,317.51
09/08/2010	Magnetic vehicle signs	\$1,484.00
09/08/2010	2,000 yard signs	\$8,437.60
09/08/2010	6,000 cardboard posters	\$10,684.00
09/09/2010	Handout	\$5,548.63
09/13/2010	10,000 lapel stickers; 700 yard signs	\$5,603.16
09/30/2010	1,500 signs	\$6,371.50
09/30/2010	1 lot of banners installed	\$8,183.20
TOTAL		\$127,699.66

HARRIS caused BELLE to issue checks that were used to purchase cashier's checks to pay for these materials. The money used by HARRIS to pay these expenses was obtained from CO-CONSPIRATOR #1 for the purpose of supporting CANDIDATE A. As CO-CONSPIRATOR #1 had requested, none of these expenditures to support CANDIDATE A's campaign were reported to OCF (and thus made public), as required under District of Columbia law. Neither HARRIS nor CO-CONSPIRATOR #1 reported these expenditures to OCF.

17. In August and September 2010, HARRIS, working with others, caused consultants to be hired, who in turn hired canvassers and drivers to campaign in support of CANDIDATE A. This effort operated at the direction of HARRIS and others during the two

weeks that led up to the primary election of CANDIDATE A, and it was coordinated with members of CANDIDATE A's campaign. On September 6 and 15, 2010, HARRIS caused BELLE to issue payroll for these individuals totaling \$203,084.33. The money used by HARRIS to pay this expense was obtained from CO-CONSPIRATOR #1 for the purpose of supporting CANDIDATE A. As CO-CONSPIRATOR #1 had requested, this expenditure to support CANDIDATE A's campaign was not reported to OCF (and thus made public), as required under District of Columbia law. Neither HARRIS nor CO-CONSPIRATOR #1 reported these expenditures to OCF.

18. HARRIS, working with others, also caused the following items to be purchased or rented to supply the coordinators, canvassers, and drivers hired by HARRIS, in conjunction with others, to campaign for CANDIDATE A:

Item	Cost
52 Nextel radios	\$10,025
Sound unit with speakers	\$19,117.20
Laptops	\$1,850
Catering	\$23,600
Parking for vans used to shuttle canvassers	\$3,400
TOTAL	\$57,992

In addition, HARRIS caused tens of thousands of dollars to be spent on rental vans and hotel accommodations used by these coordinators, canvassers, and drivers. The money used by HARRIS to pay these expenditures was obtained from CO-CONSPIRATOR #1 for the purpose of supporting CANDIDATE A. As CO-CONSPIRATOR #1 had requested, none of these expenditures to support CANDIDATE A's campaign were reported to OCF (and thus made public), as required under District of Columbia law. Neither HARRIS nor CO-CONSPIRATOR #1 reported these expenditures to OCF.

b) Efforts to Obstruct or Influence a Known or Contemplated Federal Investigation

19. Between in or about June 2011 and in or about December 2011, in the District of Columbia, HARRIS and CO-CONSPIRATOR #1 agreed to obstruct and influence a known or contemplated federal investigation by altering, destroying, and falsifying records.

20. Beginning in at least June 2011, HARRIS knew that the U.S. Attorney's Office for the District of Columbia and the Federal Bureau of Investigation were conducting a federal criminal investigation into allegations concerning CANDIDATE A's campaign. HARRIS read news articles about the federal investigation, and HARRIS discussed the matter with CO-CONSPIRATOR #1. HARRIS and CO-CONSPIRATOR #1 arranged to take steps to impede federal officials from obtaining information concerning their involvement in conduit campaign contributions, unreported political expenditures, and other activities that would be within the jurisdiction of the United States.

21. In or about December 2011, with knowledge of and in contemplation of a pending federal investigation, CO-CONSPIRATOR #1 requested that HARRIS file an Amended U.S. Corporation Tax Return and an Amended D.C. Corporation Franchise Tax Return for BELLE for the year 2010, as part of an effort to conceal CO-CONSPIRATOR #1's involvement in funding campaign-related expenditures through BELLE to elect CANDIDATE A, in violation of District of Columbia law.

22. In or about December 2011, CO-CONSPIRATOR #1 presented HARRIS with a letter that purported to document a pre-existing agreement between BELLE and COMPANY B. The letter falsely stated that COMPANY B had paid \$566,000 to BELLE in December 2010 as an advance for purported marketing/business development services to be performed by BELLE.

HARRIS knew that BELLE had not, in fact, performed the work referenced in the letter, nor had HARRIS promised to cause BELLE to do so. Rather, CO-CONSPIRATOR #1 had caused \$566,000 to be paid to BELLE, through COMPANY B, for unreported political expenditures, including funding campaign initiatives to elect CANDIDATE A. The letter also falsely stated that COMPANY B owed BELLE a balance of \$161,569, due on December 31, 2011, for work performed. HARRIS knew that BELLE was not owed this money.

23. CO-CONSPIRATOR #1 instructed HARRIS to amend BELLE's 2010 U.S. Corporation Tax Return and D.C. Corporation Franchise Tax Return to reflect as income to BELLE the purported marketing/business development payments in the letter. CO-CONSPIRATOR #1 promised HARRIS that CO-CONSPIRATOR #1 would reimburse her for the tax burden that BELLE would assume by amending the returns. On or about December 31, 2011, HARRIS caused to be filed an Amended 2010 D.C. Corporation Franchise Tax Return for BELLE and an Amended 2010 U.S. Corporation Income Tax Return for BELLE. On both returns, she reported as income to BELLE the payments made by CO-CONSPIRATOR #1 to fund campaign-related expenses to support CANDIDATE A. HARRIS did not deduct any of the campaign-related expenditures on the amended returns, thereby reporting that BELLE owed federal income taxes of \$311,096, and District of Columbia income taxes of \$91,270. The purpose of the amended tax returns was to create paperwork that would corroborate the false cover story that the hundreds of thousands of dollars that CO-CONSPIRATOR #1's business had paid to BELLE in 2010 were part of a legitimate business arrangement, and thereby to conceal CO-CONSPIRATOR #1's role in the unreported effort to elect CANDIDATE A, among other reasons.

24. On December 31, 2011, COMPANY B issued a check to BELLE for \$161,569, signed by CO-CONSPIRATOR #1. CO-CONSPIRATOR #1 and HARRIS agreed that this check was partial reimbursement for the tax burden HARRIS assumed by amending the BELLE returns. (This amount also matched what was purportedly owed to BELLE in the false letter presented to HARRIS by CO-CONSPIRATOR #1.) HARRIS issued two checks that same day totaling \$161,569 – the first for \$111,096 to the U.S. Department of the Treasury in partial satisfaction of the owed federal taxes, and the second for \$40,000 to the D.C. Treasurer in partial satisfaction of the owed District of Columbia taxes.

25. By generating a false letter that purported to document a non-existent business arrangement and filing the amended returns, HARRIS and CO-CONSPIRATOR #1 endeavored to portray to federal officials that the money CO-CONSPIRATOR #1 transferred to BELLE for campaign-related expenditures was instead legitimate income earned by BELLE for business activity. HARRIS and CO-CONSPIRATOR #1 agreed and intended for HARRIS to take sole responsibility for the campaign expenses and activities, concealing the involvement of CO-CONSPIRATOR #1. HARRIS and CO-CONSPIRATOR #1 thereby intended to impede or obstruct federal authorities.

26. In addition, with knowledge of and in contemplation of a federal investigation into matters relating to the campaign of CANDIDATE A, HARRIS caused others to shred and destroy a large volume of paper records maintained by her businesses. She also caused others to destroy stored electronic data and electronic records from her businesses, because they could have revealed the involvement that HARRIS and CO-CONSPIRATOR #1 had in the 2010 Mayoral election.

27. Finally, in or about August 2011, CO-CONSPIRATOR #1 requested that HARRIS leave the country at CO-CONSPIRATOR #1's expense for five years in order to evade federal investigators. HARRIS refused. In or about February 2012, CO-CONSPIRATOR #1 requested that HARRIS leave the country for three months at CO-CONSPIRATOR #1's expense in order to evade federal investigators, to which HARRIS agreed. In furtherance of this agreement, and at CO-CONSPIRATOR #1's direction, HARRIS made arrangements to travel with another person to Bahia, Brazil for three months. These arrangements included obtaining a travel itinerary and making initial arrangements to rent a house in Brazil, among other things, before the trip was cancelled.

Filing a False Tax Return

28. In August 2011, in the District of Columbia, HARRIS did willfully make and subscribe a U.S. Corporation Income Tax Return for BELLE for the calendar year 2010, which was verified by written declaration that it was made under penalties of perjury and which she did not believe to be true and correct as to every material matter.

29. Specifically, HARRIS knew that BELLE's 2010 return, which she caused to be filed with the Internal Revenue Service, was not true and correct in that it improperly deducted from BELLE's income \$908,217 in political expenditures, which were not deductible expenses under the Internal Revenue Code. Accordingly, HARRIS caused BELLE's income to be substantially under-reported to the Internal Revenue Service, resulting in BELLE failing to accurately report the amount of tax due and owing to the Internal Revenue Service.

30. For instance, HARRIS caused BELLE to expend tens of thousands of dollars reimbursing herself and others for contributions to federal and District of Columbia candidates,

made at the request of CO-CONSPIRATOR #1. HARRIS deducted these non-deductible expenses from BELLE's reported income on BELLE's 2010 U.S. Corporation Income Tax Returns.

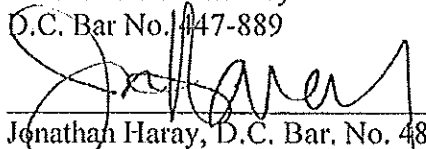
31. HARRIS also caused BELLE to expend hundreds of thousands of dollars in 2010 on services and materials to advance CANDIDATE A's campaign for Mayor. HARRIS unlawfully deducted these expenses on BELLE's 2010 U.S. Corporation Income Tax Return.

32. HARRIS engaged in the conduct described above knowingly, corruptly, and willfully and not because of accident, mistake, or other innocent reason.

This statement of the offense is not intended to constitute a complete recitation of all facts known by HARRIS, but is, instead, intended to provide the necessary legal basis for the guilty plea.

RONALD C. MACHEN JR.
United States Attorney
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By:



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DEFENDANT'S ACCEPTANCE

I have read every word of this Statement of Offense. Pursuant to Rule 11 of the Federal Rules of Criminal Procedure, after consulting with my attorney, I agree and stipulate to this Statement of the Offense, and declare under penalty of perjury that it is true and correct.

July 9, 2012
Date

Eugenia C. Harris
Eugenia C. Harris
Defendant

ATTORNEY'S ACKNOWLEDGEMENT

I have discussed this Statement of Offense with my client, Eugenia C. Harris, and I concur with her decision to stipulate to this Statement of the Offense.

July 9, 2012
Date

Mark H. Tuohey, III
Mark H. Tuohey, III, Esquire
Attorney for Defendant Eugenia C. Harris